

**CITY OF OWOSSO  
EMPLOYEES RETIREMENT SYSTEM BOARD  
OWOSSO CITY HALL COUNCIL CHAMBER  
SPECIAL MEETING**

**MAY 7, 2015**

**7:15 AM**

**CALL MEETING TO ORDER:**

Chairperson Farrell called the meeting to order at 7:15 a.m.

**ROLL CALL:**

**PRESENT:** Trustees Richard Brewbaker, Burton Fox, Elaine Greenway, Paul Kleeman, Bobbi Jo Perry, Vice Chairperson Mark Sedlak, and Chairperson Wilfred Farrell.

**ABSENT:** None.

**ALSO**

**PRESENT:** City Attorney William C. Brown; City Clerk Amy K. Kirkland; City Treasurer Ronald J. Tobey; and Graystone-Holycross Group Director Christine M. Wilson.

**NEW BUSINESS:**

**GRAYSTONE-HOLYCROSS CONSULTING CONTRACT**

Chairperson Farrell introduced the topic for the special meeting saying that as City Attorney Brown was reviewing the contracts for the transition from Merrill Lynch to Graystone he became concerned that the Board may not have understood all of the fees that would be charged for service, and a special meeting was called to ensure all Board members had a clear understanding of the fees involved. City Attorney Brown indicated that while Graystone had been up-front with their fee schedule he felt it prudent to hold a special meeting to get feedback from the Board before proceeding.

Graystone-Holycross Group Director Wilson was on-hand for the meeting and noted that the fee in question was a fee of 7 basis points that would be charged by Morgan Stanley for use of their UMA platform. The fee was considered an overlay management fee and not part of the consulting fee as the funds would not be going to Graystone. Further the fee only applies to those accounts which the Board chooses to use the UMA platform and not to the portfolio as a whole.

City Clerk Kirkland briefly explained the spreadsheet of fees that was distributed to Board members just prior to the meeting. Chairperson Farrell inquired whether Graystone would assist the Board in negotiating reduced fees for Loomis Sayles and MD Sass. Ms. Wilson noted that they had already been in contact with both firms and they were both firm with a fee of 65 basis points which represented a preferred rate already. Ms. Wilson went on to say that Graystone will bring the portfolio over intact then at that time they will suggest changes to its construction so negotiating lower fees would be wasted effort until such time as any changes are completed.

Chairperson Farrell inquired why NFJ would not allow the System to remain a client. Ms. Wilson explained that the strategy in which the System invested was closed and since a Merrill Lynch UMA platform had been used to employ them the System would be considered a new client after the transition to Graystone/Morgan Stanley. She also noted that the MD Sass strategy was closed but the manager had agreed to keep the System's investment intact through the transfer. As for the funds invested with NFJ, Ms. Wilson indicated that they offer an identical portfolio in a mutual fund (AFVPX) and the investment would be liquidated and the mutual fund purchased. Trustee Brewbaker inquired what the

fees would be to transfer the money from the NFJ investment to their mutual fund. It was indicated that was not clear at this point.

Lastly, Ms. Wilson indicated that she will be requesting all of the historical information in Merrill Lynch's possession so that the history of the entire portfolio will be available.

Motion by Trustee Fox to allow Graystone-Holycross to transfer the current NFJ investment to the AFVPX mutual fund.

Motion supported by Trustee Brewbaker and concurred in by unanimous vote.

City Attorney Brown indicated he was continuing to review the Loomis Sayles contract and that he found the MD Sass contract to be acceptable as written.

**CITIZENS COMMENT:**

There were no citizen comments.

**NEXT BOARD MEETING:**

The next board meeting is scheduled for June 18, 2015 at 7:15am

**ADJOURNMENT:**

The meeting adjourned at 7:34 a.m.

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Amy K. Kirkland, City Clerk